

# PUBLICIS GROUPE

## H1 2016 RESULTS

*July 21, 2016*



# DISCLAIMER

Certain information contained in this document, other than historical information, may constitute forward-looking statements or unaudited financial forecasts. These forward-looking statements and forecasts are subject to risks and uncertainties that could cause actual results to differ materially from those projected. They are presented as at the date of this document and, other than as required by applicable law, Publicis Groupe does not assume any obligation to update them to reflect new information or events or for any other reason. Publicis Groupe urges you carefully to consider the risk factors that may affect its business, as set out in the 2015 Registration Document filed with the French Autorité des Marchés Financiers (AMF) and which is available on the website of Publicis Groupe ([www.publicisgroupe.com](http://www.publicisgroupe.com)), including an unfavourable economic climate, an extremely competitive market sector, the possibility that our clients could seek to terminate their contracts with us at short notice, the fact that a substantial part of the Group's revenue is derived from certain key clients, conflicts of interest between advertisers active in the same sector, the Group's dependence on its directors and employees, laws and regulations which apply to the Group's business, legal action brought against the Group based on allegations that certain of the Group's commercials are deceptive or misleading or that the products of certain clients are defective, the strategy of growing through acquisitions, the depreciation of goodwill and assets listed on the Group's balance sheet, the Group's presence in emerging markets, the difficulty of ensuring internal controls, exposure to liquidity risk, a drop in the Group's credit rating and exposure to the risks of financial markets.

# SOLID H1 2016 EARNINGS

|   | H1 2016       | Q2 2016       |
|---|---------------|---------------|
| • Revenue                               |               |               |
| • Reported growth                       | +4.6 %        | +0.9 %        |
| • Growth excluding FX                   | +7.1 %        | +4.6 %        |
| • <b>Organic growth</b>                 | <b>+2.8 %</b> | <b>+2.7 %</b> |
| • Operating margin                      | +5.1 %        |               |
| Operating margin rate                   | 13.0 %        |               |
| • Groupe net income                     | +5.0 %        |               |
| • Headline EPS, diluted <sup>(1)</sup>  | +7.7 %        |               |
| • Free cash flow (before change in WCR) | +23.1 %       |               |

(1) See definitions in Appendices

# H1 REVENUE

| <b>(EUR million)</b>  | <b>Q1</b>    | <b>Q2</b>    | <b>H1</b>    |
|-----------------------|--------------|--------------|--------------|
| <b>2016 REVENUE</b>   | <b>2,291</b> | <b>2,462</b> | <b>4,753</b> |
| 2015 REVENUE          | 2,103        | 2,439        | 4,542        |
| Reported growth       | +8.9%        | +0.9%        | +4.6%        |
| Growth excluding FX   | +10.0%       | +4.6%        | +7.1%        |
| <b>Organic growth</b> | <b>+2.9%</b> | <b>+2.7%</b> | <b>+2.8%</b> |

## Q2 2016 REVENUE BY GEOGRAPHY

| (EUR million)      | Q2 2016      | Q2 2015      | Q2 2016<br>vs. Q2 2015 | Organic<br>growth |
|--------------------|--------------|--------------|------------------------|-------------------|
| Europe             | 718          | 681          | +5.4%                  | <b>+7.3%</b>      |
| North America      | 1,319        | 1,323        | -0.3%                  | <b>-0.1%</b>      |
| Asia Pacific       | 273          | 265          | +3.0%                  | <b>+5.5%</b>      |
| Latin America      | 81           | 101          | -19.8%                 | <b>+4.8%</b>      |
| Middle East Africa | 71           | 69           | +2.9%                  | <b>-1.5%</b>      |
| <b>Total</b>       | <b>2,462</b> | <b>2,439</b> | <b>+0.9%</b>           | <b>+2.7%</b>      |

# H1 2016 REVENUE BY GEOGRAPHY

| (EUR million)      | H1 2016      | H1 2015      | H1 2016<br>vs. H1 2015 | Organic<br>growth |
|--------------------|--------------|--------------|------------------------|-------------------|
| Europe             | 1,349        | 1,269        | +6.3%                  | +5.5%             |
| North America      | 2,620        | 2,475        | +5.9%                  | +1.4%             |
| Asia Pacific       | 503          | 486          | +3.5%                  | +4.7%             |
| Latin America      | 152          | 191          | -20.4%                 | +0.9%             |
| Middle East Africa | 129          | 121          | +6.6%                  | -0.5%             |
| <b>Total</b>       | <b>4,753</b> | <b>4,542</b> | <b>+4.6%</b>           | <b>+2.8%</b>      |

# H1 2016 ORGANIC GROWTH BY COUNTRY

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**> +10%**

Argentina, Chile, Japan, Mexico, Netherlands, Norway, Poland, Romania, South Africa, Thailand, Turkey, Ukraine, Vietnam

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**+5% to +10%**

China, France, Germany, Indonesia, Italy, Korea, Singapore, Taiwan

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**0 to +5%**

Australia, Belgium, India, Malaysia, Russia, Spain, United Arab Emirates, UK, USA

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**< 0%**

Brazil, Canada, Colombia, Israel, Saudi Arabia, Switzerland

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# DIGITAL REVENUE

|                     | H1 2016      | H1 2015      | H1 2016<br>vs. H1 2015 |
|---------------------|--------------|--------------|------------------------|
| EUR million         | <b>2,549</b> | <b>2,314</b> | <b>+10.2%</b>          |
| % of Groupe revenue | <b>53.6%</b> | <b>50.9%</b> |                        |

**2016 organic growth: +6.3%**



# H1 2016 ORGANIC GROWTH

|              | Europe       | North America | Asia Pacific | Latin America | Middle East Africa | Total        |
|--------------|--------------|---------------|--------------|---------------|--------------------|--------------|
| Digital      | +12.5%       | +2.5%         | +23.0%       | +1.3%         | +10.7%             | <b>+6.3%</b> |
| Analog       | -0.1%        | -0.4%         | -3.6%        | +0.9%         | -3.5%              | <b>-0.8%</b> |
| <b>Total</b> | <b>+5.5%</b> | <b>+1.4%</b>  | <b>+4.7%</b> | <b>+0.9%</b>  | <b>-0.5%</b>       | <b>+2.8%</b> |

# H1 2016 RESULTS

# CONSOLIDATED INCOME STATEMENT <sup>(1)</sup>

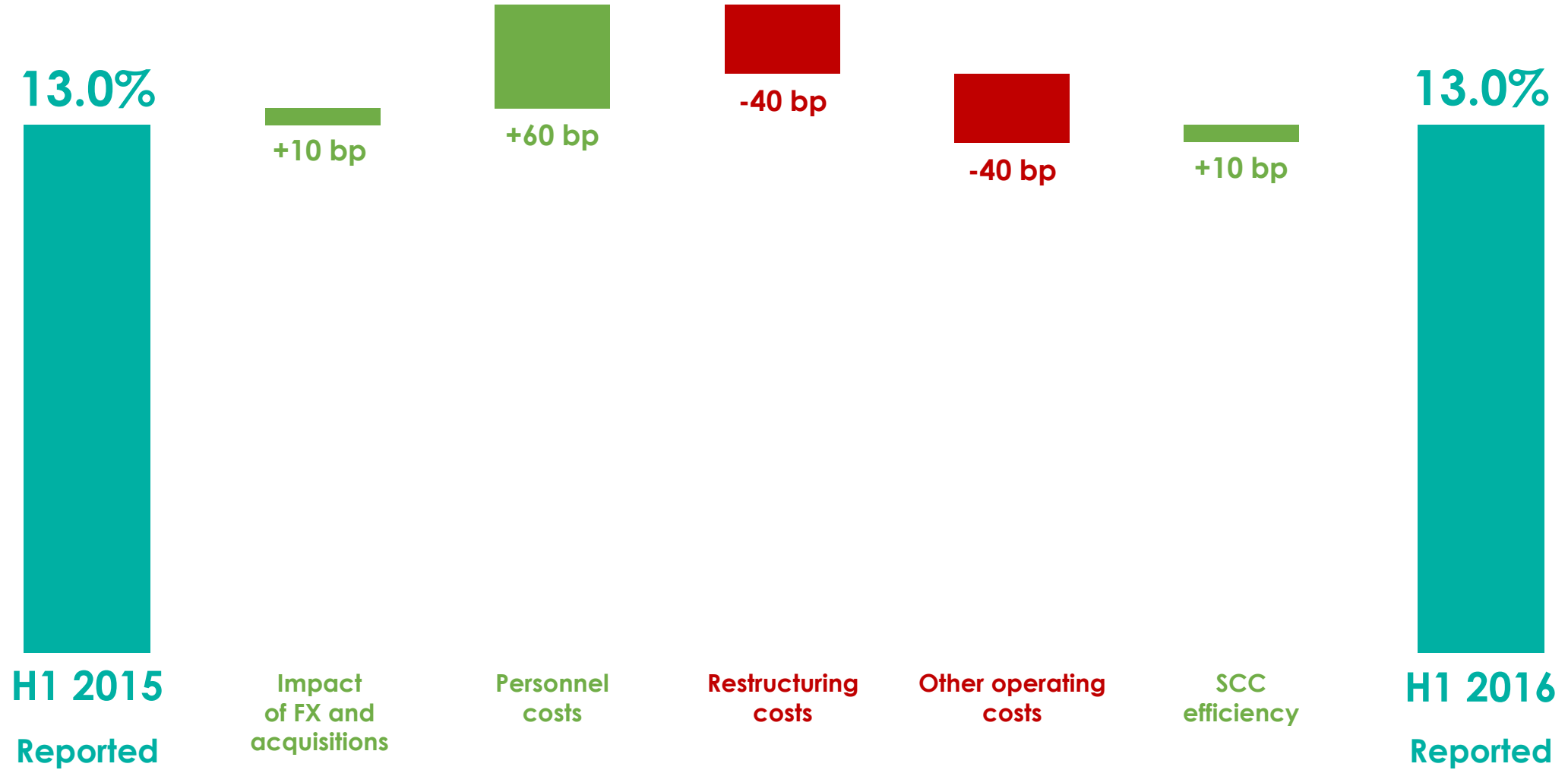
| <b>(EUR million)</b>                                  | <b>H1 2016</b> | <b>H1 2015</b> | <b>H1 2016<br/>vs. H1 2015</b> |
|---|----------------|----------------|--------------------------------|
| Revenue   | 4,753          | 4,542          | +4.6%                          |
| <b>EBITDA</b>   | <b>704</b>     | <b>675</b>     |                                |
| <b>Operating margin</b>                               | <b>619</b>     | <b>589</b>     | <b>+5.1%</b>                   |
| <i>as % of revenue</i>                                | <b>13.0%</b>   | <b>13.0%</b>   |                                |
| Amortization of intangibles arising from acquisitions | (40)           | (43)           |                                |
| Non-current income and expense                        | 16             | 8              |                                |
| <b>Operating income</b>                               | <b>595</b>     | <b>554</b>     | <b>+7.4%</b>                   |
| Net financial income (expenses)                       | (50)           | (33)           |                                |
| Income taxes  | (162)          | (159)          |                                |
| Associates  | 2              | 3              |                                |
| Minority interests                                    | (4)            | (2)            |                                |
| <b>Group Net Income</b>                               | <b>381</b>     | <b>363</b>     | <b>+5.0%</b>                   |

(1) See definitions in Appendices

# OPERATING MARGIN

| <b>(EUR million)</b>                        | <b>H1 2016</b> | <b>H1 2015</b> |
|---|----------------|----------------|
| Revenue                                     | <b>4,753</b>   | <b>4,542</b>   |
| Personnel costs (excl. restructuring costs) | (3,016)        | (2,905)        |
| Restructuring costs                         | (55)           | (39)           |
| Other operating expenses                    | (978)          | (923)          |
| Depreciation                                | (85)           | (86)           |
| <b>Operating margin</b>                     | <b>619</b>     | <b>589</b>     |
| <b>As a % of revenue</b>                    | <b>13.0%</b>   | <b>13.0%</b>   |

# CHANGE IN OPERATING MARGIN AS A % OF REVENUE



# NET FINANCIAL INCOME (EXPENSES)

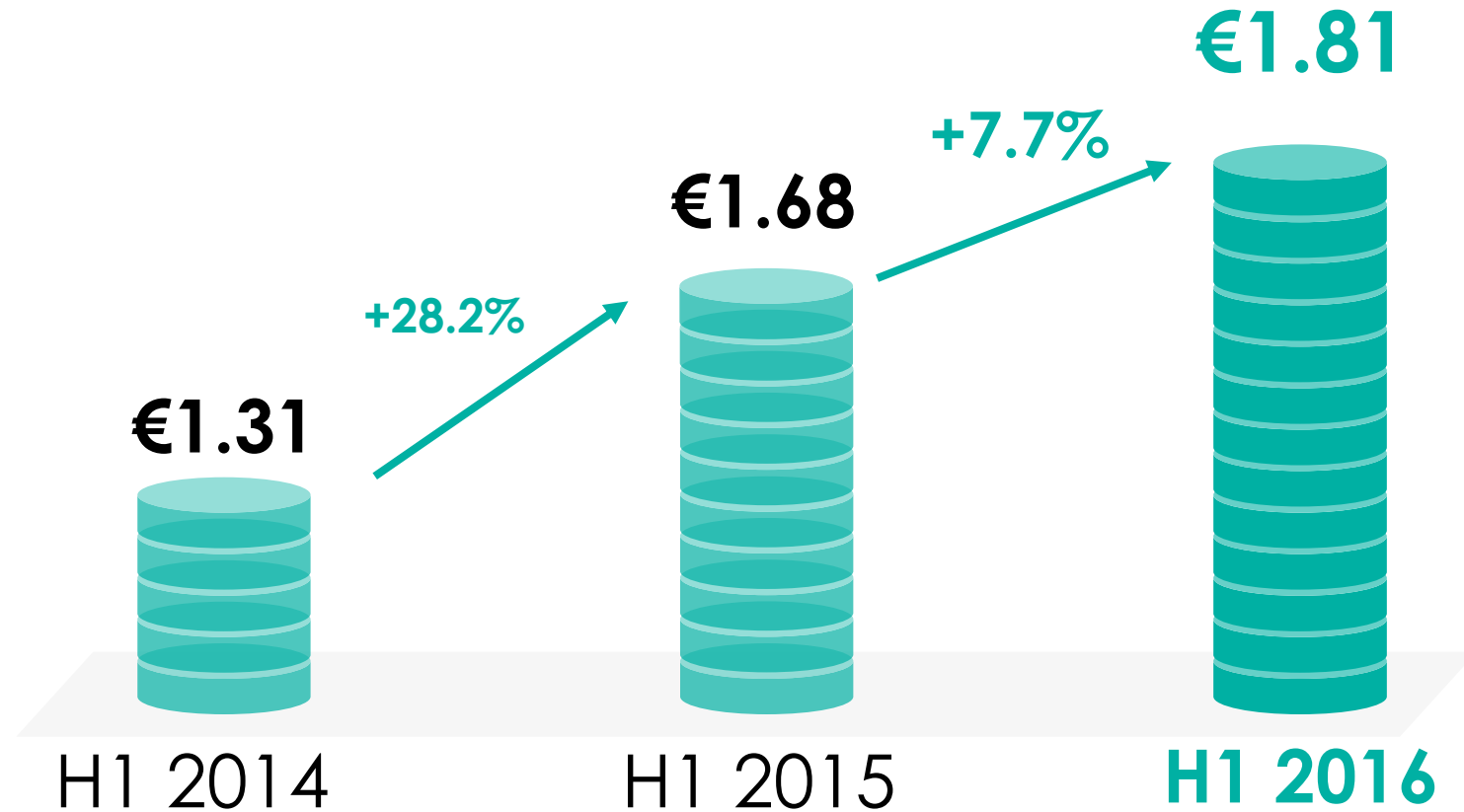
| <b>(EUR million)</b>                                     | <b>H1 2016</b> | <b>H1 2015</b> | <b>H1 2016 vs. H1 2015</b> |
|--|----------------|----------------|----------------------------|
| BNP Loan 2020, Eurobond 2021 & 2024                      | (30)           | (31)           | 1                          |
| Other financial expense net of interest income           | 2              | 1              | 1                          |
| Discount on long term debt (earn-out and finance leases) | (11)           | (10)           | (1)                        |
| <b>Interest on net financial debt</b>                    | <b>(39)</b>    | <b>(40)</b>    | <b>1</b>                   |
| Earn-out revaluation                                     | (10)           | 5              | (15)                       |
| Foreign exchange gain (loss)                             | 3              | 5              | (2)                        |
| Other financial expenses <sup>(1)</sup>                  | (4)            | (3)            | (1)                        |
| <b>Net financial income (expenses)</b>                   | <b>(50)</b>    | <b>(33)</b>    | <b>(17)</b>                |

(1) Include provisions on financial assets, dividends outside the Group and finance costs on long term provisions

# EFFECTIVE TAX RATE

|                            | H1 2016      | H1 2015      |
|----------------------------|--------------|--------------|
| Income taxes (EUR million) | 162          | 159          |
| <b>Effective tax rate</b>  | <b>29.7%</b> | <b>30.5%</b> |

# HEADLINE EARNINGS PER SHARE, DILUTED (1)



(1) See definitions in Appendices



# BALANCE SHEET

| <b>(EUR million)</b>           | <b>June 30, 2016</b> | <b>June 30, 2015</b> |
|--------------------------------|----------------------|----------------------|
| Goodwill and intangibles       | 11,588               | 11,559               |
| Other fixed assets             | 932                  | 917                  |
| Current and deferred tax       | (472)                | (399)                |
| Working capital                | (2,354)              | (2,477)              |
| <b>TOTAL</b>                   | <b>9,694</b>         | <b>9,600</b>         |
| Group equity                   | 6,495                | 6,021                |
| Minority interests             | 19                   | 29                   |
| <b>TOTAL EQUITY</b>            | <b>6,514</b>         | <b>6,050</b>         |
| Provisions for risk & charges  | 720                  | 644                  |
| Net debt (cash)                | 2,460                | 2,906                |
| <b>TOTAL</b>                   | <b>9,694</b>         | <b>9,600</b>         |
| <b>Net Debt / Equity Ratio</b> | <b>0.38</b>          | <b>0.48</b>          |

## NET DEBT / (NET CASH)

| <b>(EUR million)</b>                  | <b>H1 2016</b> | <b>FY 2015</b> | <b>H1 2015</b> |
|---------------------------------------|----------------|----------------|----------------|
| Net Debt (Net Cash), average          | <b>2,380</b>   | 2,429          | 1,881          |
| Net Debt (Net Cash), at end of period | <b>2,460</b>   | 1,872          | 2,906          |

# FINANCIAL RATIOS

|  | Past 12 months<br>ending<br>June 30, 2016 | Past 12 months<br>ending<br>June 30, 2015 | Internal<br>objectives |
|--|---|---|------------------------|
| Average net debt / EBITDA <sup>(1)</sup> | <b>1.58</b>                               | 1.22                                      | < 1.50                 |
| Net Debt / Shareholders' Equity          | <b>0.38</b>                               | 0.48                                      | < 0.50                 |
| Interest Cover <sup>(2)</sup>            | <b>23</b>                                 | 29  | > 7                    |

(1) See definitions in Appendices

(2) EBITDA / Cost of Net Financial Debt

# LIQUIDITY AS OF JUNE 30, 2016

| (EUR million)   | TOTAL        | DRAWN      | AVAILABLE    |
|---|--------------|------------|--------------|
| <b>Committed Facilities</b>                           |              |            |              |
| 364-day revolving credit facilities                   | 205          | 120        | 85           |
| 5-year revolving credit facility <sup>(1)</sup>       | 517          | -          | 517          |
| 5-year syndicated facility (Club Deal) <sup>(2)</sup> | 2,000        | -          | 2,000        |
| <b>Total Committed Facilities</b>                     | <b>2,722</b> | <b>120</b> | <b>2,602</b> |
| Cash and Marketable Securities                        | 1,064        | -          | 1,064        |
| <b>Total liquidity</b>                                | <b>3,786</b> | <b>120</b> | <b>3,666</b> |
| <b>Group other uncommitted facilities</b>             | <b>225</b>   | <b>7</b>   | <b>218</b>   |

(1) €67m maturing in 2017, €400m maturing in 2018 and €50m maturing in 2019

(2) Maturing in 2020

# FREE CASH FLOW

| <b>(EUR million)</b>                                   | <b>H1 2016</b> | <b>H1 2015</b> | <b>H1 2016<br/>vs. H1 2015</b> |
|--|----------------|----------------|--------------------------------|
| EBITDA <sup>(1)</sup>                                  | 704            | 675            |                                |
| Interest paid  | (12)           | (18)           |                                |
| Tax paid   | (79)           | (136)          |                                |
| Other items  | 23             | 20             |                                |
| <b>Cash flows from operations before change in WCR</b> | <b>636</b>     | <b>541</b>     | <b>+17.6%</b>                  |
| Capex, net of disposals <sup>(1)</sup>                 | (72)           | (83)           |                                |
| <b>Free Cash Flow before change in WCR</b>             | <b>564</b>     | <b>458</b>     | <b>+23.1%</b>                  |

(1) See definitions in Appendices

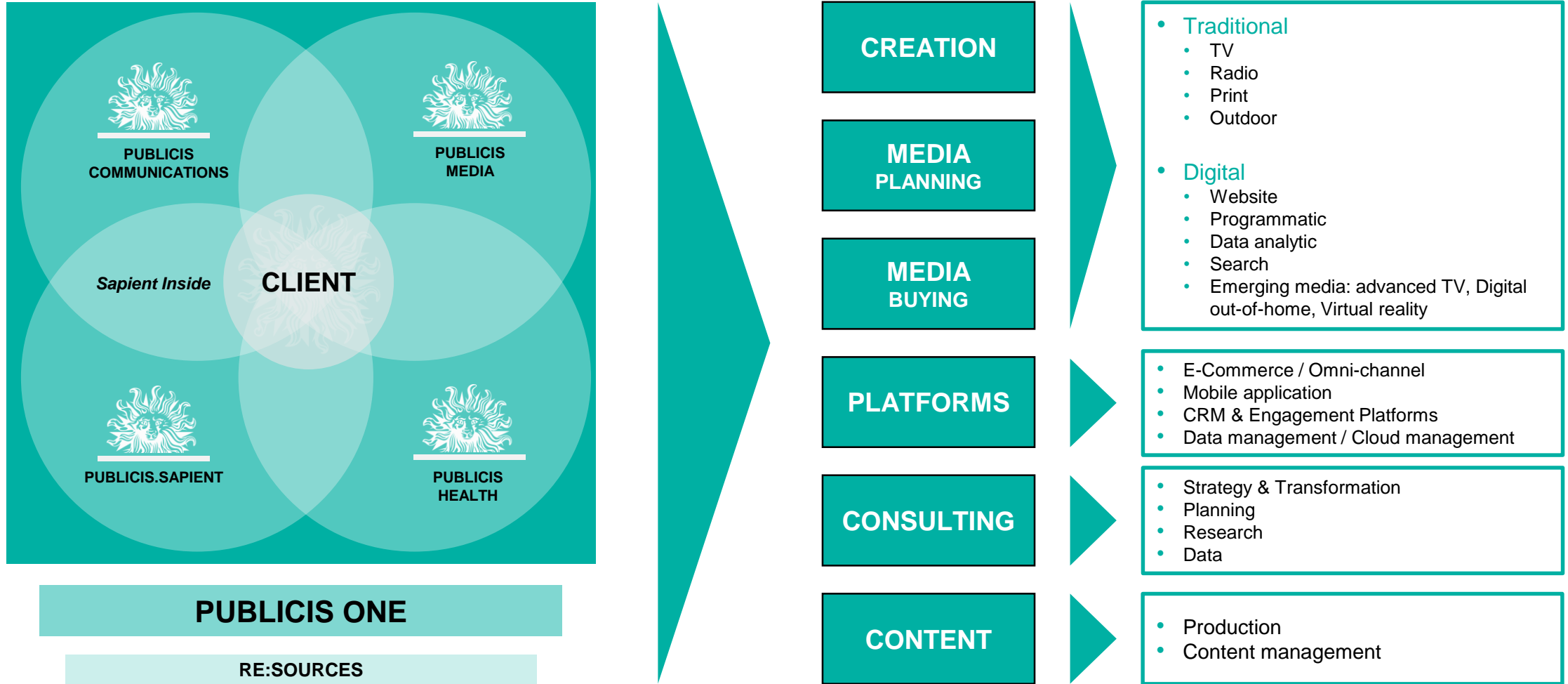
# USE OF CASH

| <b>(EUR million)</b>                                      | <b>H1 2016</b> | <b>H1 2015</b> |
|---|----------------|----------------|
| <b>Free Cash Flow before change in WCR</b>                | <b>564</b>     | <b>458</b>     |
| Change in WCR   | (1,102)        | (814)          |
| Acquisitions (net of disposals)                           | (13)           | (3,002)        |
| Earn-out  | (107)          | (90)           |
| Buy-out <sup>(1)</sup>                                    | (30)           | (21)           |
| Dividends paid  | (16)           | (7)            |
| Share buy-back  | -              | (477)          |
| Sales of treasury shares due to exercise of stock options | 5              | 12             |
| Exercise of warrants                                      | 3              | 15             |
| Non-cash impact on net debt                               | 108            | 35             |
| <b>Change in net cash</b>                                 | <b>(588)</b>   | <b>(3,891)</b> |

(1) including purchase of non controlling interest

**WHERE ARE WE  
NOW ?**

# THE POWER OF ONE: A UNIQUE “END-TO-END” OFFERING



**New organization: completed as planned**



# GLOBAL CLIENT LEADERS

## A KEY ROLE IN THE NEW ORGANIZATION

- Global Client Leaders (GCL) have been appointed
  - ➔ Our aim: help our clients **solve their problems, build their brands, accelerate their sales and transform their businesses**
  - ➔ **A partner to our clients**, to leverage all of our assets to bring the best of the Publicis Groupe offering in advertising, media, data, technology, commerce, consulting and transformation
- A program designed to build capability and skills for the GCL to fulfill their roles to the fullest
  - ➔ First GCL Client Training Program on **July 10-12, 2016** in New York City

**Global Client Leaders will be accountable  
with individual P&L by client**

# PUBLICIS' 90<sup>TH</sup> ANNIVERSARY



- Launch of #Publicis90, a global initiative to provide funding and mentoring for a selection of 90 of the most innovative startups or scale-ups
  - ➔ A tribute to the entrepreneurial spirit of Publicis founder [Marcel Bleustein-Blanchet](#)
- Over 3,500 applications from more than 130 countries by entrepreneurs, students and by Publicis Groupe employees
  - ➔ 23% from the USA, 18% from France and 14% from the UK, followed by Germany (7%), Israel (6%) and India (3%)
  - ➔ All sectors of the economy are represented: Marketing and communications, healthcare, fintech, retailing, etc.
  - ➔ More than 600 projects from entrepreneurs and 25 entrepreneurs' projects selected

# PUBLICIS GROUPE AT THE FOREFRONT OF INNOVATION



- International event organized by Publicis Groupe and Groupe Les Echos, dedicated to the growth of startups, to digital transformation and innovation.
  - ➔ For its first edition, Viva Technology Paris brought together over 45,000 visitors of which tens of thousands of entrepreneurs, talents, investors and academics.
- A combination of:
  - ➔ Blue Chip companies collaborating with start-ups
  - ➔ An exhibition of technological innovation
  - ➔ A unique line up of speakers for exceptional conferences

# GLOBAL STRATEGIC PARTNERSHIP WITH TENCENT



**Tencent** 腾讯

- The first partnership with all 11 products of Tencent, China's largest internet company, that transcends Publicis Groupe's three solution hubs: Publicis Media, Publicis Communications, Publicis.Sapient
- The partnership will cover 3 key areas:
  - **Future Capabilities:** Launch of a 'Drugstore' incubation facility, to curate, invest in and cultivate the start-ups of the future
    - ➔ Breakthrough offerings to our clients in data and ad tech, across new "virtual reality" and "augmented reality" enabled platforms
  - **Data:** Tencent will offer Publicis Groupe access to its vast and rich online behavioral data
    - ➔ Improved programmatic offerings, cross-screen planning capabilities and conversion performance for our clients
  - **Content:** The two companies will partner on the co-creation and co-investment of web native content
    - ➔ Unique content opportunities and new content models for key clients

**Publicis Groupe is committed to leadership in digital and technology**

# CONCLUSION

# 2016

- Solid first half of the year
  - ➔ Confirmed 2016 outlook
  - ➔ Q3 organic growth impacted by last year's account losses
  - ➔ Good progress in delivering savings and Sapient synergies
  - ➔ Further dividend pay out increase expected in 2016 (vs. 39.5% in 2015)
- Potential impact of Brexit
  - ➔ In 2015, the UK represented 9% of Groupe revenue and 5% of Groupe operating margin
  - ➔ Resilient operating margin: revenue and operating costs located in the UK and GBP-denominated
- Reorganization is now completed
  - ➔ Focus on execution and profitable growth

## OUR PRIORITIES FOR 2016-2017

### 1 Transformation

Finalize the transformation in H1 2016



### 2 Outlook

Achieve our 2016 objectives



### 3 Organic growth

Benefit from Groupe transformation as early as 2017





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**PUBLICIS  
GROUPE**



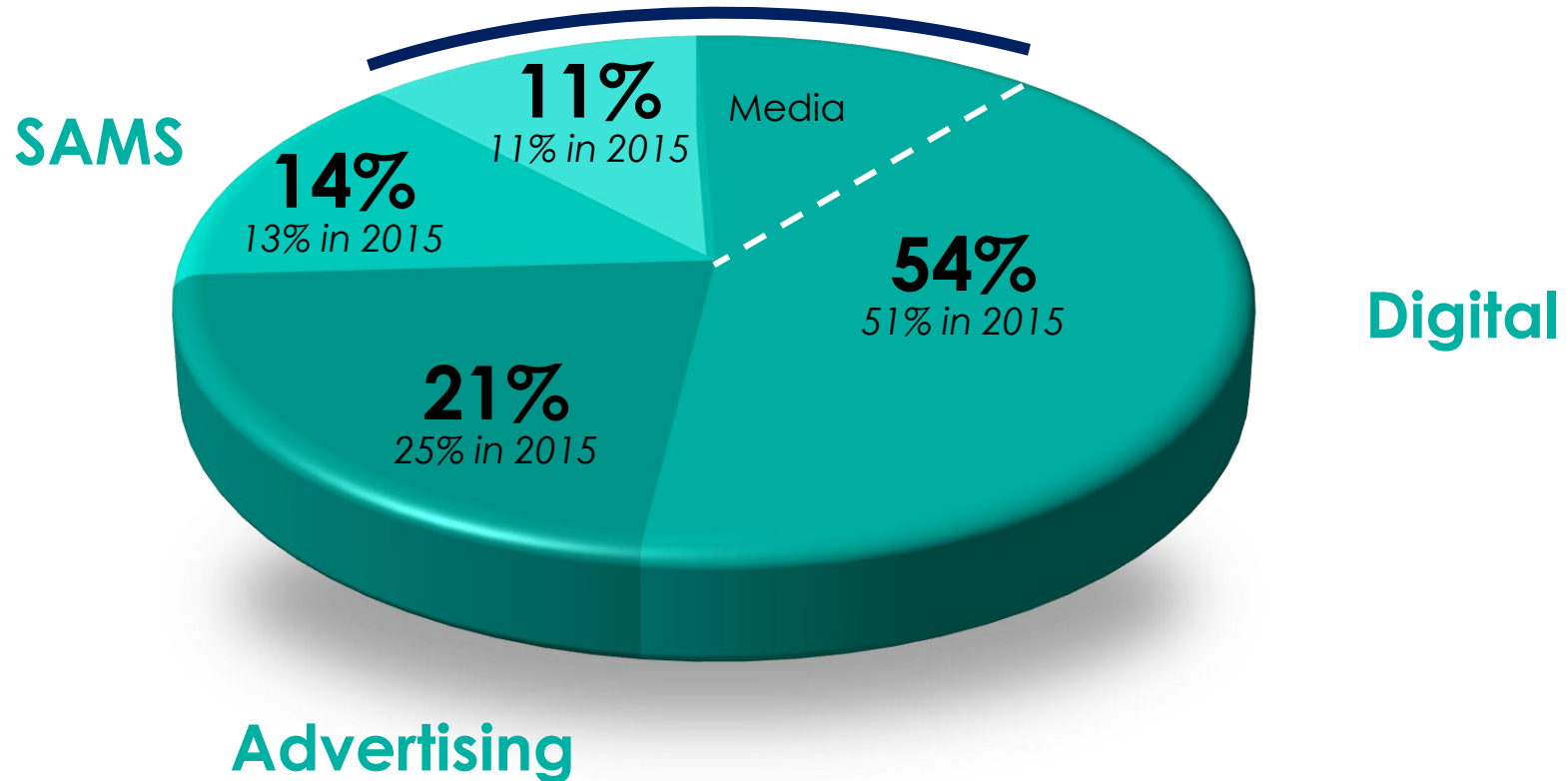
# APPENDICES

# H1 2016 REVENUE IN USD MILLION

|         | <b>H1 2016</b> | <b>H1 2015</b> | <b>H1 2016<br/>vs. H1 2015</b> |
|---------|----------------|----------------|--------------------------------|
| Revenue | <b>5,304</b>   | <b>5,064</b>   | <b>+4.7%</b>                   |

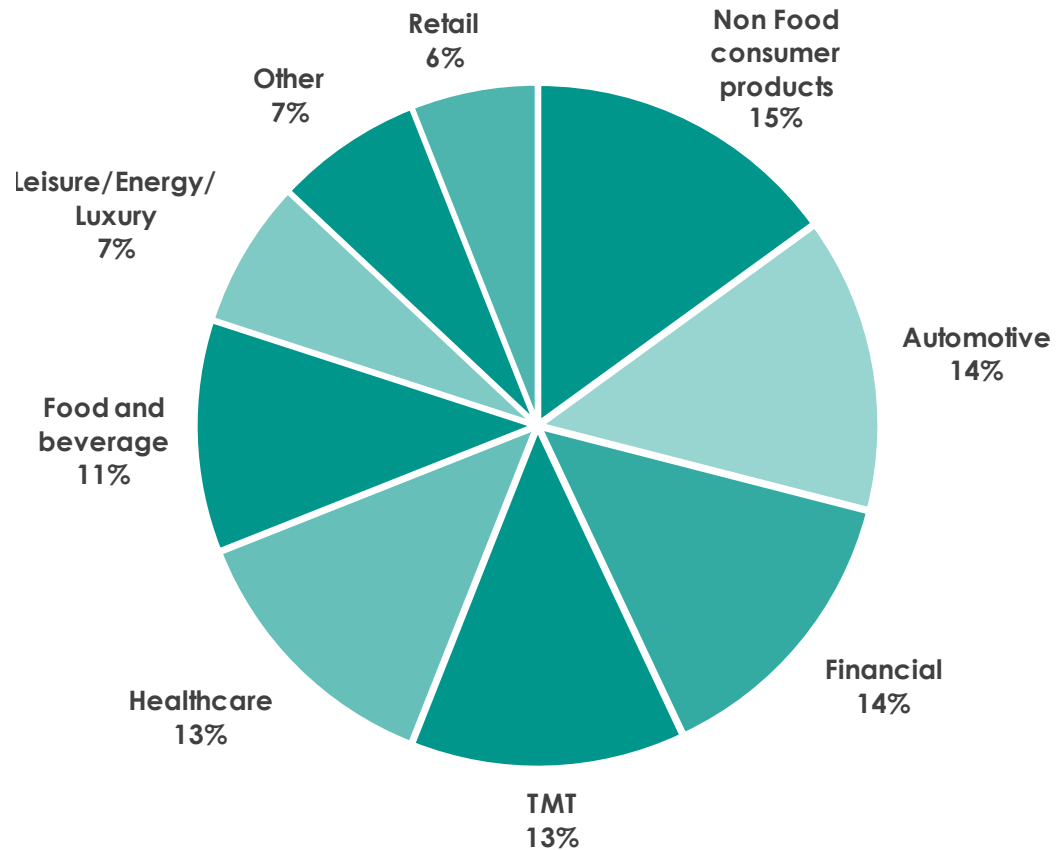
# H1 2016: REVENUE BY ACTIVITY

Analog & Digital Media = 24%

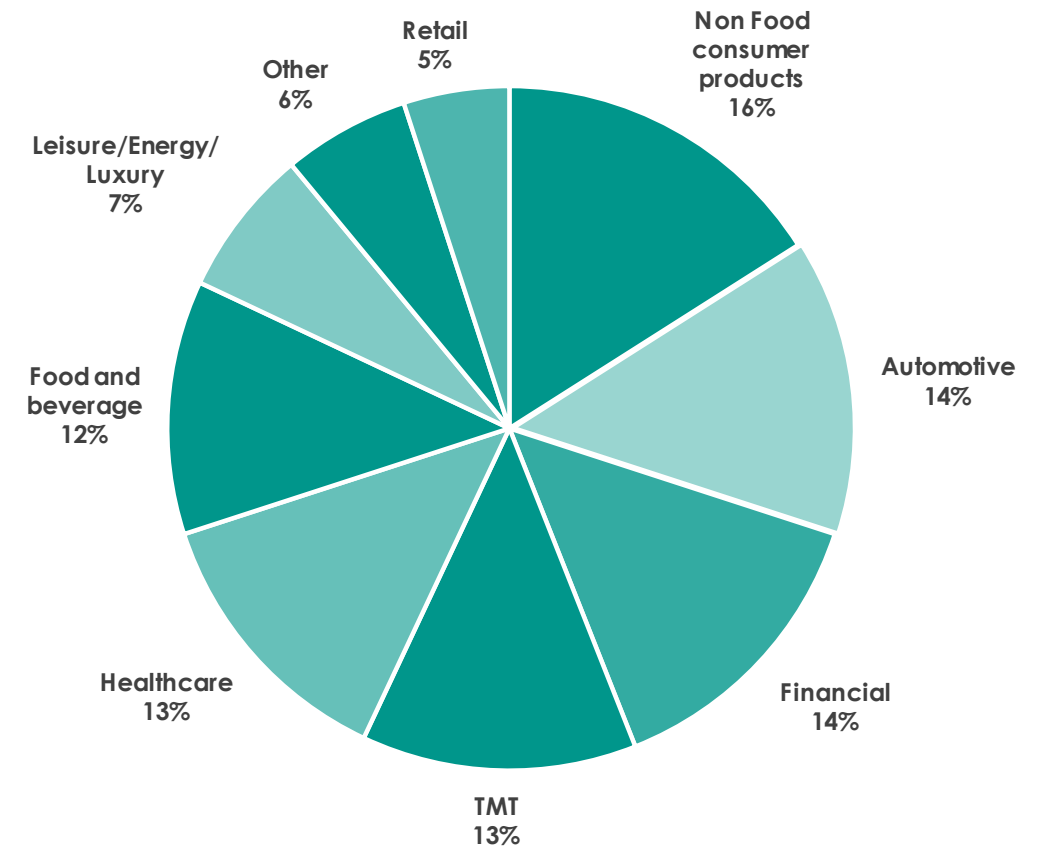


# H1 REVENUE BY SECTOR (1)

## H1 2016

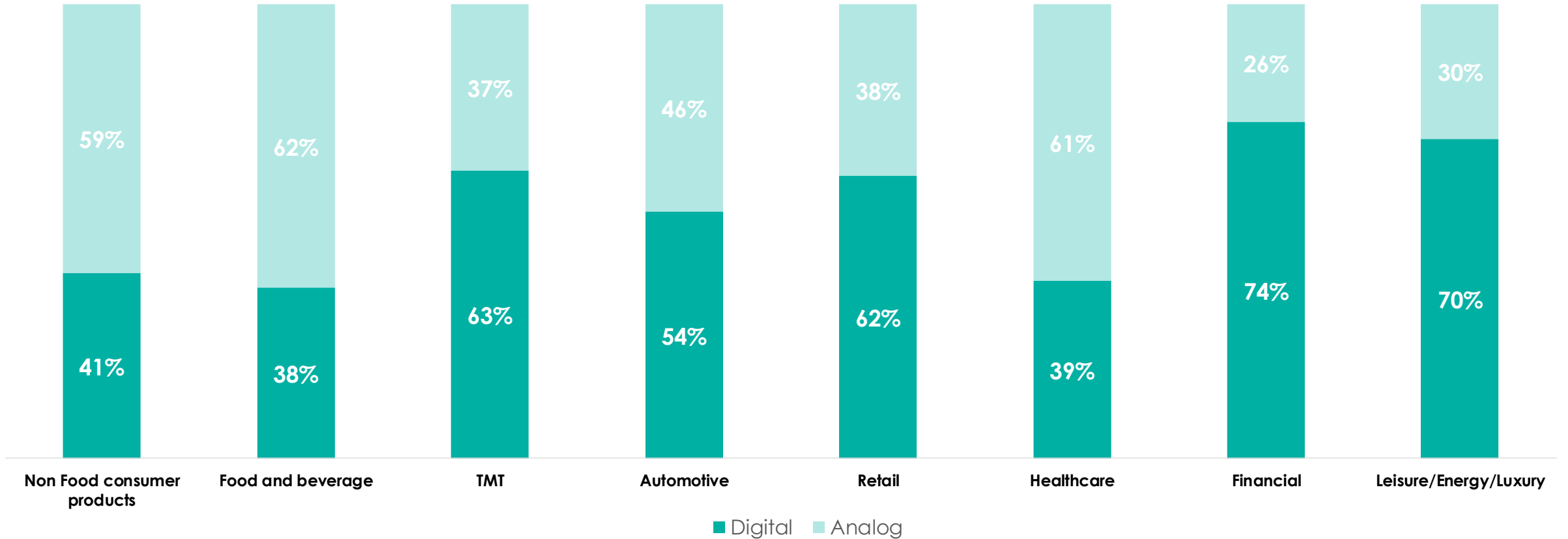


## H1 2015



(1) Based on 2,840 clients representing 85% of Groupe revenue

# H1 2016 REVENUE BY SECTOR <sup>(1)</sup> : ANALOG VS. DIGITAL



(1) Based on 2,840 clients representing 85% of Groupe revenue

# REVENUE & ORGANIC GROWTH CALCULATION

| <b>(EUR million)</b>  | <b>Q1</b>    | <b>Q2</b>    | <b>H1</b>    |
|---|--------------|--------------|--------------|
| <b>2015 revenue</b>   | <b>2,103</b> | <b>2,439</b> | <b>4,542</b> |
| Currency impact <sup>(2)</sup>                                | (20)         | (85)         | (105)        |
| 2015 revenue at 2016 exchange rate (a)                        | 2,083        | 2,354        | 4,437        |
| 2016 revenue before impact of acquisitions <sup>(1)</sup> (b) | 2,144        | 2,418        | 4,562        |
| Revenue from acquisitions <sup>(1)</sup>                      | 147          | 44           | 191          |
| <b>2016 revenue</b>   | <b>2,291</b> | <b>2,462</b> | <b>4,753</b> |
| <b>Organic growth (b/a)</b>                                   | <b>+2.9%</b> | <b>+2.7%</b> | <b>+2.8%</b> |

| <b>Currency impact<br/>(EUR million)</b> |             |             |              |
|--|-------------|-------------|--------------|
|  | <b>Q1</b>   | <b>Q2</b>   | <b>H1</b>    |
| GBP <sup>(2)</sup>                       | (7)         | (19)        | (26)         |
| USD <sup>(2)</sup>                       | 23          | (24)        | (1)          |
| Other                                    | (36)        | (42)        | (78)         |
| <b>Total</b>                             | <b>(20)</b> | <b>(85)</b> | <b>(105)</b> |

(1) Acquisitions (Star Reacher, Sapient, B2B, Expicient, Practice iLeo Romania, Relaxnews, C, Match Media, Domani, AKOM 360, TMC, Voden, 2DataFish, Frubis, The Solution Group, Glickman, TCC, First Click, August Media, Langland, PDI, MercerBell, Vertiba, Seven Seconds, Insight Redéfini, Venus Communications), net of disposals

(2) EUR = USD 1.116 in H1 2016 vs. USD 1.115 in H1 2015  
 EUR = GBP 0,779 in H1 2016 vs. GBP 0.732 in H1 2015

# Q2 2016 REVENUE BY GEOGRAPHY

(ALTERNATIVE BREAKDOWN)

| (EUR million)                | Q2 2016      | Q2 2015      | Reported growth | Organic growth |
|------------------------------|--------------|--------------|-----------------|----------------|
| Europe <sup>(1)</sup>        | 702          | 663          | +5.9%           | +7.3%          |
| North America                | 1,319        | 1,323        | -0.3%           | -0.1%          |
| BRIC + MISSAT <sup>(2)</sup> | 254          | 261          | -2.7%           | +5.4%          |
| Rest of the world            | 187          | 192          | -2.6%           | +2.6%          |
| <b>Total</b>                 | <b>2,462</b> | <b>2,439</b> | <b>+0.9%</b>    | <b>+2.7%</b>   |

(1) Europe excluding Russia and Turkey

(2) BRIC = Brazil. Russia. India. China

MISSAT = Mexico. Indonesia. Singapore. South Africa. Turkey

# H1 2016 REVENUE BY GEOGRAPHY

(ALTERNATIVE BREAKDOWN)

| (EUR million)                | H1 2016      | H1 2015      | Reported growth | Organic growth |
|------------------------------|--------------|--------------|-----------------|----------------|
| Europe <sup>(1)</sup>        | 1,320        | 1,238        | +6.6%           | +5.4%          |
| North America                | 2,620        | 2,475        | +5.9%           | +1.4%          |
| BRIC + MISSAT <sup>(2)</sup> | 459          | 476          | -3.6%           | +3.6%          |
| Rest of the world            | 354          | 353          | +0.3%           | +2.9%          |
| <b>Total</b>                 | <b>4,753</b> | <b>4,542</b> | <b>+4.6%</b>    | <b>+2.8%</b>   |

(1) Europe excluding Russia and Turkey

(2) BRIC = Brazil. Russia. India. China

MISSAT = Mexico. Indonesia. Singapore. South Africa. Turkey



# GROSS DEBT AS OF JUNE 30, 2016

## Breakdown by MATURITY

| (EUR million)                | Total        | July 2016 –<br>June 2017 | July 2017 –<br>June 2018 | July 2018 –<br>June 2019 | July 2019 –<br>June 2020 | July 2020<br>onwards |
|------------------------------|--------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------|
| Eurobond 2021 <sup>(1)</sup> | <b>787</b>   | -                        | -                        | -                        | -                        | 787                  |
| Eurobond 2024 <sup>(1)</sup> | <b>662</b>   | -                        | -                        | -                        | -                        | 662                  |
| Medium term loan             | <b>1,438</b> | -                        | 479                      | 479                      | 480                      | -                    |
| Earn out / Buy out           | <b>387</b>   | 232                      | 100                      | 37                       | 13                       | 5                    |
| Other debt <sup>(1)</sup>    | <b>250</b>   | 146                      | -                        | -                        | -                        | 104                  |
| <b>Total gross debt</b>      | <b>3,524</b> | <b>378</b>               | <b>579</b>               | <b>516</b>               | <b>493</b>               | <b>1,558</b>         |

(1) Including fair value of associated derivatives



**No covenants**

# NET DEBT AS OF JUNE 30, 2016

## Breakdown by CURRENCY

| (EUR million)                               | Total          | EURO       | USD          | GBP       | Others       |
|---|----------------|------------|--------------|-----------|--------------|
| Eurobond 2021 <sup>(1) (2)</sup>            | <b>787</b>     | -          | 787          | -         | -            |
| Eurobond 2024 <sup>(1) (2)</sup>            | <b>662</b>     | -          | 662          | -         | -            |
| Medium term loan                            | <b>1,438</b>   | 446        | 992          | -         | -            |
| Earn out / Buy out                          | <b>387</b>     | 63         | 133          | 66        | 125          |
| Other debt <sup>(1)</sup>                   | <b>250</b>     | 121        | 103          | 5         | 21           |
| Cash & marketable securities <sup>(3)</sup> | <b>(1,064)</b> | (108)      | (211)        | (38)      | (707)        |
| <b>Net debt (cash)</b>                      | <b>2,460</b>   | <b>522</b> | <b>2,466</b> | <b>33</b> | <b>(561)</b> |

(1) Including fair values of associated derivatives

(2) 2 tranches of the Eurobond issued in December 2014 swapped in USD at fixed rate

(3) After impact of currency swaps

# NET DEBT AS OF JUNE 30, 2016

## Breakdown by RATE

| (EUR million)                                      | Total        | Earn-out /<br>Buy-out | Fixed<br>rate | Floating<br>rate |
|--|--------------|-----------------------|---------------|------------------|
| Eurobond 2021 <sup>(1)</sup> <sup>(2)</sup>        | 787          | -                     | 787           | -                |
| Eurobond 2024 <sup>(1)</sup> <sup>(2)</sup>        | 662          | -                     | 662           | -                |
| Medium term loan                                   | 1,438        | -                     | -             | 1,438            |
| Other debt <sup>(1)</sup>                          | 250          | -                     | 96            | 154              |
| <b>Total gross debt excluding earn out/buy out</b> | <b>3,137</b> |                       | <b>1,545</b>  | <b>1,592</b>     |
| Earn-out / Buy-out                                 | 387          | 387                   | -             | -                |
| Cash & marketable securities                       | (1,064)      | -                     | -             | (1,064)          |
| <b>Net debt (cash)</b>                             | <b>2,460</b> | <b>387</b>            | <b>1,545</b>  | <b>528</b>       |

(1) Including fair values of associated derivatives

(2) 2 tranches of the Eurobond issued in December 2014 swapped in USD at fixed rate

# GROUP NET INCOME TO HEADLINE GROUP NET INCOME RECONCILIATION

| <b>(EUR million)</b>  | <b>H1 2016</b> | <b>H1 2015</b> |
|---|----------------|----------------|
| <b>Group net income</b>   | <b>381</b>     | <b>363</b>     |
| Amortization of intangibles arising on acquisitions, net of tax | 25             | 28             |
| Net capital gains / (losses) on disposal of assets              | (10)           | (3)            |
| Revaluation of earn-out   | 10             | (5)            |
| <b>Headline Group Net Income</b>                                | <b>406</b>     | <b>383</b>     |

# DEFINITIONS

- **EBITDA:** operating margin before depreciation.
- **Operating margin:** Revenue after personnel costs, other operating expenses (excl. non-current income and expense) and depreciation (excl. amortization of intangibles arising on acquisitions).
- **Operating margin rate:** Operating margin as a percentage of revenue.
- **Headline Group Net Income:** Group net income after elimination of impairment charges, amortization of intangibles arising from acquisitions, main capital gains (or losses) on disposals and revaluation of earn-out payments
- **EPS (Earnings per share):** Group net income divided by average number of shares, not diluted.
- **EPS, diluted (Earnings per share, diluted):** Group net income divided by average number of shares, diluted.
- **Headline EPS, diluted (Headline Earnings per share, diluted):** Group net income after elimination of impairment charges, amortization of intangibles arising from acquisitions, main capital gains (or losses) on disposals and revaluation of earn-out payments, divided by average number of shares, diluted.
- **Capex:** Net acquisitions of tangible and intangible assets, excluding financial investments and other financial assets.
- **ROCE (Return On Capital Employed):** Operating Margin after Tax (using Effective Tax Rate) / Average employed capital. Capital employed include Saatchi & Saatchi goodwill which is not recognised in consolidated accounts under IFRS.
- **Net Debt (or financial net debt):** Sum of long and short financial debt and associated derivatives, net of treasury and cash equivalents.
- **Average net debt:** Average of monthly net debt at end of month.
- **Dividend pay-out:** Dividend per share / EPS.

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